UNIVERSITY OF CAPE COAST

EVALUATING THE FINANACIAL PERFORMANCE OF QUEENSLAND INTERNATIONAL SCHOOL

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Evaluating The Finanacial Performance Of Queensland International School

BY

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this University or elsewhere.

Name: Joseph Alirah Aporiwei

Candidate Signature……………………………. Date …………………….

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation was supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Name: Mr Samuel Gameli Gadzo

Supervisor's Signature: …………………………..Date: ……………

ABSTRACT

This study find out the financial performance of Queensland International School using some selected financial ratios. The specific objectives was to evaluate the financial stability, operational and solvency ratios. The quantitative approach and the descriptive research design were adopted for the study. The census sampling techniques was used to select the sample for the study while the descriptive approach was used to describe the results.

It was found that, the current assets of Queensland International School, has a very high financial leverage and this means that the company has a higher level of risk and at the time of liquidation, their creditors will suffer. The return on equity ratio of Queensland International School is far below risk free rate, so dividend payment is unstable hence the business will not attract investors. This because from the results it is clear that creditor's contribution to financing the total assets of Queensland International School is quite substantial and very significant.

The study recommends that, management should avoid the use of excessive debt to finance the activities of the company and this should be done by inviting interested investors to help raise equity capital in the financing of the company, therefore increasing the equity level of the company, to avoid future takeover of the company by creditors. It is also recommended that, management should improve on operating activities so that they can generate more funds to meet their short term obligations

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DEDICATION

This work is dedicated to Janet, Asaliwei, Akiwele and Weipia

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ABBREVIATIONS

CR	Current Ratio
NPM	Net profit margin
ROA	Return on Asset
ROCE	Return on Capital Employed
ROE	Return on Equity
S.H.S	Senior High School
C.C.R	Cash ratio
DTAR	Debt to Assets Ratio
DTER	Debt to Equity Ratio
DTOR	Debtors Turn Over Ratio
AIB	Awash International Bank
PER	Profit Expenses Ratio
ROD	Returns On Debtors
NIM	Net Interest Margin
LDR	Loans to Depositors Ratio
CDR	Cash to Deposits Ratio
LAR	Loans to Assets Ratio
DER	Deposits to Equity Ratio
DTAR	Debt to Total Assets Ratio
EM	Equity Multiplier
AU	Assets Utilization

CHAPTER ONE

INTRODUCTION

Background of the study

Performance evaluation of any institution is usually related to how well a company can use it assets, capital of shareholder and liability, revenue and expenses. According to Hutchinson (2010), financial ratio analysis is one of the best tools of performance evaluation of any company. In order to determine the financial position of an educational institution and to make a judgment of how well the educational institution efficiency, its operation and management and how well the school has been able to utilize its assets and earn profit.

Financial analysis using financial ratios is oldest method for analysis company performance. It has long been used to study the financial and credit position of organizations and to judge the results of their work. This method is based on the examination of financial statements. However, just because a number is included in a financial statement does not indicate whether that number is important and does not give us useful information; the importance of the number appears only when compared with other number (Tofeeq, 1997).

Financial analysis means different things to different people. Trade creditors are primarily interested in the liquidity of the firm being analyzed. Their claims are short term and the ability of the firm to pay these can best be judged by an analysis of its liquidity. Brigham and Ehrhardt (2010) stated that financial ratios are designed to help evaluate financial statements. Financial ratios are used as a planning and control tool. The ratio analysis for easy measurement of liquidity position, asset management condition, profitability and market value and debt coverage situation of any educational institution for performance evaluation.

It analysis how any educational institution and companies uses of its assets and control of its expenses. It determines the greater the coverage of liquid assets to short-term liabilities and it also compute ability to pay pharmaceutical company monthly mortgage payments from the cash generate. It measures any institutions overall efficiency and performance. Education plays an important role in the cultural, social and economic development of a nation. In developing country such as Ghana, young people who are the future leaders of our country ought to be the focus of the development process. Our children need high quality and a resounding foundation in education and moral training to prepare them for worthwhile careers.

The mission of Queensland International School is to provide quality pre-school, primary and junior high school education. It is an independent, non-sectional, secular and equal opportunity institution for children at the basic education level. (Queensland International School Hand book, 2015). The companies Act 179 1963 requires all registered companies to keep proper accounts and since Queensland International School is a legally registered company with the register general department in Ghana as a limited liability entity it is required by law to prepare income statement, statement of financial position and cash flow statement that will be audited as required by section 133 of the companies' Act 163 (1963).

The report by the auditors' referred to in paragraph (C) of subsection (1) of section 124 of the Act, shall consist of a report, addressed to members of the company, by an auditor or auditors duly qualified and appointed as auditors of the company in accordance with section 134 of this code, on the books of accounts and all group accounts to be sent to members and debenture holders of, the company in accordance with section 124 and 127 of this code and shall contain statement as to the matter mentioned in the fifth schedule to this code.

The financial statement of Queensland International School is therefore audited to ascertain the true and fair view of the auditors. The audited financial statement is what was used for evaluating the financial performance of the firm. In doing this evaluation ratio analysis would be used. Ratios by themselves tell little about the financial well-being of a company, for meaningful analysis the ratios should be compared with a standard and through comparing can someone using a financial statement assess the financial health of a company (Mowen & Hansen, 2006)

Statement of the Problem

The global economic crisis which shocked the world in 2008 has left most economies struggling for economic recovery, the largely affect are the developing economies such as Ghana. Irrespective of any crisis, the development of human capital for the future of the country is paramount hence the need for educational institutions to be financially stable to ensure economic development through human capital development. Queensland International School since its establishment has supported the nation in this regard but the schools Hand book for 2015 showed a decline of about 20% in terms of profit.

Table 1 shows the budgeted income and expenditure as well as actual income and expenditure for the period 2010 to 2014. With references to the table below, it's clear that the school is always operating at a deficit, the reason for which the researcher sought to find solutions to the problem with the aid of financial ratios. The government of Ghana does not also have any monetary support towards the private basic schools in the country. Queensland International School therefore has no option but to operate in this expensive and competitively risky environment. In financial management, one needs to be financially disciplined to be able to meet your financial obligations.

Table 1

Year	**Budgeted/Actual**	**Income Ghc**	**General & Admin Exp. Ghc**	**Finance Cost Ghc**
	Budgeted	2,363,500	1,298,000	135,000
2010	Actual	1,942,917	1,792,392	155,238
	Budgeted	2,823,500	1,880,000	210,000
2011	Actual	2,495,821	2,432,209	241,871
	Budgeted	3,125,000	2,500,000	250,000
2012	Actual	2,742,044	2,578,961	299,837
	Budgeted	3,500,000	2,800,000	250,000
2013	Actual	3,294,132	3,485,059	246,101

	Budgeted	3,950,000	3,578,000	240,000
2014	Actual	3,808,463	3,926,336	208,671

Source: Queensland International School Hand book, (2015)

It is in this regards that the researcher have chosen to conduct a research into this study of evaluating the financial performance of Queensland International School.

Objective of the study

The main objective of the study is to evaluate the financial performance of Queensland International School.

The specific objectives are to;

1. evaluate the financial stability of the school
2. evaluate the operational efficiency of the school
3. access the short term and long term solvency of the school

Research Questions

1. How stable is the school financial position?
2. How efficient is the management of the school?
3. What is the finance mix (method) of the school?

Significance of the study

The results emanating from this study will be beneficial to employee, customers, government and its agencies, employers, creditors and lenders (financial Institutions) of Queensland International School. The study is of relevance in the following ways; it provides a useful information to policy makers (Management) to appreciate the fact that financial ratios can assist to a great extent in bringing to light the financial strengths and weakness of business especially Queensland International School. It is in this light that this current works is relevant since it is aimed at evaluating the financial performance of the school and how it helps to enhance their financial performance in general. It also serves as a source of reference to researchers and students who would undertake studies in the area of financial performance evaluation.

Limitations of the study

Despite the numerous advantages associated with assessing the financial performance such as retaining maximum control over your business and how it stands in the competitive environment, the researcher encountered numerous constraints and these include the following: Difficulties in data Collection tend to hinder the progress of the research, in the sense that the unwillingness of the employees to divulge the right information, with the view that data released to the public could reveal their company secrets'; Again there was the lack of finance to enable the researcher travel to various institutions together the needed data on time and duration constrain could not be ignored, as the research had to combine academic work with his job.

Organization of the study

The final report of the study is made up of five (5) chapters. Chapter one focused on the research proposal. This chapter is an executive summary of what the researcher intend to achieve in the research work. It is more of a guide to the research work chapter two focused on literature review. Chapter three also focused on the methods within which the study is analyzed. This consists of the study design, the sampling method and the technique to be employed to achieve the stated objective of the study. Chapter four consists of presentations analysis and discussion of data. Finally, chapter five consists of the summary of findings, recommendations, limitations as well as topics for further research.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The purpose of this literature review among other factors is to report on the theoretical aspect of the subject matter and also on the previous work that others had done in the area under research. Furthermore, the review is meant to provide the foundation for the present work and also to serve as the literature for future researchers.

Theoretical Literature

The theoretical literature presents an attempt to explain the stakeholder and stewardship theory with regards to the evaluation of performance.

Stakeholder theory

Stakeholder theory has expanded the frontiers of agency problem by incorporating the interest of other stakeholders. The theory seeks to provide a balance between the interests of all stakeholders. McDonald and Puxty (1979) cited in Kyereboah-Coleman (2007) argues for stakeholder theory. According to the author, companies are no longer the instrument of shareholders alone, but exist within society, and therefore, have responsibilities to that society. Stakeholder theory suggests balancing of varied and sometimes, conflicting interests (as shown in table 2).

Sternberg, cited in Abdul Wahab (2010) claimed that the stakeholder theory plays a role as a "convenient reminder" and as a key to social responsibility. The author defined "convenient reminder" as an alarm to various groups and individuals in the organisation about other affected parties in pursuing their objectives. Key to social responsibility connotes everyone's contribution to economic condition, which in turn, reflects business decision.

Table 2

Conflicting interest of stakeholders

Stakeholder	Interest
Customer	High quality product, low cost, extended service
Suppliers of funds	Low risk, higher return
Employees	High remuneration, better working conditions, improved fringe benefits and flexible work hours
Communities	High corporate social responsibility, increased local content, stable employment

Source: constructed for the study

While the "multi-party satisfying" ideology of stakeholder theory is sound in theory, researchers argued that the theory might be incompatible with the evaluation of performance of a company's performance. Evaluation of performance is meant to ensure that managements are responsible to shareholders, not stakeholders. Jenson (2001) therefore suggested the enlightened stakeholder theory.

Stewardship theory

Stewardship theory is in sharp contrast with agency theory, which assumes that managers, when not monitored or bonded, will engage in self-interest activities to the detriment of their principals. According to the theory, a manager's need of achievement and success are satisfied when the firm is performing well (Kyereboah-Coleman, 2007). Stewardship theory regards directors (management of the school) as "the stewards of the management's assets" and will be predisposed to act in the interest of shareholders" (Mallin, 2007). Agency theory emphasised on "lack of trust" for management, while stewardship theory replaces "lack of trust" with "respect for authority and inclination to ethical behaviour".

Stewardship theory has several implications for evaluation of the performance of any institution in this case the school. First, school management are critical to ensure effective decision making rather than for monitoring proprietors. Secondly, stewardship theory connotes that proprietors duality is unnecessary. Proprietors and the schools council should be concentrated in the same individual to ensure quick decision-making and prevent unwarranted bureaucracy. Thirdly, stewardship theory argues for small board sizes as this facilitate effective communication and decision-making (Kyereboah-Coleman, 2007). It is evident that the stakeholders theory and the stewardship theory both have an immerse effect of the evaluation of any institutions performance of which the School in this research is of no exception.

Evaluation of performance

Gyasi (2005) suggested two broad measures of performance- absolute measure and relative measure. The absolute measure assesses performance based on the absolute quantum of profit or "profit equivalent". "Profit-equivalent" connotes varied forms of profit (profit before tax, profit after tax, Residual income and Economic value added). One weakness of the absolute measure is its inability to relate the profit to the resources used to generate profit. Absolute measure may not provide quality information for performance comparison decisions.

Relative performance measures are much useful for inter and intra firm comparisons because they relate profit with resources used in generating such profits. Desai and Dharmapala (2007), Inger (2012) and several researchers used relative performance measures. Pervasive in literature is current ratio (CR), cash ratio (CCR), net profit margin (NPM), return on Equity (ROE), returns on capital employed (ROCE), return on assets (ROA), debt to assets ratio (DTAR), debt to equity ratio (DTER) and debtors turnover ratio. The appropriateness of each of the measures, according to Gupta and Newberry (1997), depends on the focus of the research in question. Most of them have not featured in the evaluation of the performance of an educational institution.

This can be explained by the fact that most researches on educational institutions seeks to assess the effect of either a corporate governance variable on the statement of financial position items rather than performance evaluation. Desai and Dharmapala (2007) chose ROA as performance measure over ROE which falls under the profitability ratios because the latter does not capture the entirety of performance from both debt and equity perspective. It is important to discuss the relationship between the schools efficiency and other performance indicators as well as how evaluation of performance is likely to affect this relationship from a theoretical perspective. All things being equal, high profit should translate into high acceptable liquidity ratios, higher performance ratios and an acceptable leverage and efficiency ratios.

This proposition is valid if increased profit is as a result of increase in efficiency level. Put differently, the various ratios will only be improved if the rate increase in profit is more than the rate of increase in resources used in generating profit. As discussed earlier, effective evaluation of performance has the potential of reducing inefficiency, hence increase the level of control in an institution and ultimately, increase profit after tax. This thinking is however, illusive if the performance evaluation activities trigger a disproportionate increase in resources used. If the self-interest seeking proposition of agency theory is something to go by, then it is possible for management to pursue after tax profit maximisation objective to the detriment of the educational institution. Indeed, this is where conctant evaluation mechanisms play a role in the tax planning- firm performance relationship. The dynamics of this role is what this research seeks to establish.

Financial performance Analysis

Financial performance analysis of a company is used to measure the company’s results, policies and operations in monetary terms and this will help one to assess the company’s position and prospects. In an attempt to measure the financial performance of a company the financial statement is analysed and used. All the new programs, initiatives and change management processes of information age companies are being implemented in an environment governed by quarterly and annual financial reports. The financial reporting process remains anchored to an accounting model, developed centuries ago for an environment of arms – length transaction between independents entities.

This venerable financial accounting model is still being used by information age companies as they attempt to build internal assets and capabilities, and to forge linkages and strategic alliances with external parties (Elliot, 1992). Ideally, this financial accounting model should have been expanded to incorporate the valuation of a company's intangible and intellectual assets such as high-quality products and services, motivated and skilled employees, responsive and predictable internal processes, and satisfied and loyal customers.

Such evaluation of intangible assets and company capabilities would be especially helpful since, for information age companies these assets are critical and tangible assets. If intangible assets and company capabilities could be valued within the financial accounting model, organizations that enhanced these assets and capabilities could communicate this improvement to employees, shareholders, creditors, and Communities. Conversely, when companies deplete their stock of intangible assets and capabilities, the negative effects could be reflected immediately in the income statement.

Realistically, however, difficulties in placing a reliable financial value on such assets like a new product in the pipeline, process capabilities employee's skills, motivation, and flexibility, customer loyalty, data bases and systems will likely preclude them from ever being recognized in an organizational statement of financial position. Yet these are the very assets and capabilities that are critical for success in the completive environment of today and tomorrow.

Financial ratios indicate about the financial position of a company. A company is deemed to be financially sound if it is in a position to carry on its business smoothly and meet all it obligations – both long-term as well as short term without strain. Thus, its financial position has to be judged from two angles – long-term as well as short term. It is a sound principle of finance that long-term requirements of funds should be met out of long-term funds and short-term requirement should be met out of short-term funds. Often used in accounting, there are many standard ratios used to try to evaluate the overall financial condition of a corporation or other organization.

Again, the term "accounting ratios" is used to describe significant relationship between figures shown on a statement of financial position, in an income statement, in a budgetary control system or in any other part of accounting organization. Accounting ratios thus shows the relationship expressed in mathematical terms between accounting figures which are connected with each other in some manner. Obviously, no purpose will be served by comparing two sets of figures which are not at all connected with each other. Moreover, absolute figures are unfit for comparison (Mashehwari, 2009).

Empirical framework

The empirical literature describes what have been practically observed and validated objectively on a researcher's proposed topic or subject matter. Such reviews either support or question the validity of theories under certain conditions or context. Normally it is advisable to review empirical sources that support or criticize a researcher's proposition or hypothesis for the sake of easy data analysis and discussion.

Empirical review essentially calls for the presentation of the abstracts of authors whose works have bearing on the researcher's proposed topic. Thus, for reviewed papers and journals, it is expected that students present authors' and their papers titles; the methodologies employed by these writers; the researches results and/or recommendations made by these studies in their empirical review sections. During my empirical review, I discovered that a researcher has done similar work on the topic am researching on and below are the methodologies, results and recommendations by the researcher;

Hossan and Habib (2010) conducted a study on the Performance evaluation and ratio analysis of Pharmaceutical Company in Bangladesh. The focal point of their study was to apply financial ratios in the evaluation of pharmaceutical company in Bangladesh. It means evaluate how well the company performs. Their main aim was achieved through ratio analysis of two pharmaceutical (Bexim co and Square pharmaceutical) companies in Bangladesh. The data for the study was collected from the annual financial reports on Beximco and square pharmaceutical companies in 2007 to 2008.

Different financial ratio were used in the evaluation process some of which are the liquidity ratios, asset management ratios, profitability ratios, market value ratios, debt management ratios and finally measure the best performance between two companies. The mathematical calculation was establish for ratio analysis between two companies from 2007-2008. It is most important factors for performance evaluation. The graphical analysis and comparisons are applies between two companies for measurement of all types of financial ratio analysis.

Liquidity ratio is conveying the ability to repay short-term creditors and it total cash. It determines perform of short term creditor of both pharmaceutical companies under the three categories such as current ratio, quick ratio and cash ratio. Asset management ratio is measurement how to effectively a company to use and controls its assets. Its also quantify into seven categories for both pharmaceutical companies such as account receivable turnover, average collection period, inventory turnover, account payable turnover ,account payable turnover in days ,fixed asset turnover ,total asset turnover. Profitability ratio is evaluate how well a company is performing by analyzing and how profit was earned relative to sales, total assets and net worth for both pharmaceutical companies. Debt coverage ratio is performing that the property insufficient to collect their mortgage for both companies and market value is perform the stockholder to analysis their future market value of the stock market. Overall analyses are measurement the best one between Beximco and Square pharmaceutical companies.

Dufera (2010) conducted a study financial performance evaluation: A Case Study of Awash International Bank. The main objective was to compare and examine empirically the performance of the first private commercial bank in Ethiopia, that. Awash International Bank (AIB) in comparison with industry average with respect to liquidity; profitability; credit risk & solvency and efficiency for the period of 2003-2009. This study was employing ratios (in total) such as Return on Asset (ROA), Return on Equity (ROE), Profit Expense Ratio (PER), Return on Deposit (ROD), Net Interest Margin (NIM), Loan to Deposit ratio (LDR), Cash To Deposit Ratio (CDR) Loan to Assets Ratio (LAR), Debt to Equity Ratio (DER), Debt to Total Asset Ratio (DTAR); Equity Multiplier(EM),Non-performing Loans to Total Loans, Asset Utilization (AU), Income to Expense ratio (IER) and Operating Efficiency(OE).

The study found that all results of profitability measures go in favor of industry average. The results indicate that Awash International Bank was less profitable than industry average. However, AIB was consistently improving and performing better in making good returns on investment (assets), satisfying their shareholders in offering competitive or even better returns, making good returns customers' deposits and also managing their operating expenses over the Years until 2007.

From 2007 onwards, profitability of the bank started to decrease. Besides, an overall analysis of all liquidity, efficiency, and risk and solvency measures reveals that AIB was less liquid, efficient in asset utilization, income generation, and managing its expenses and less risky and more solvent than industry average. However, the results also show the AIB is improving overtime considerably in these liquidity, efficiency and risk & solvency measures during the period under the study.

A number of financial analysis has also been conducted on commercial banks nut they are reviewed since they are also focused on financial performance. The measurement of bank performance particularly commercial banks is well researched and has received increased attention over the past years (Seiford and Zhu, 1999).There have been a large number of empirical studies on commercial bank performance around the world (Yeh, 1996; Webb, 2003; Lacewell, 2003; Halkos and Salamouris, 2004; Tarawneh, 2006). However, little has been done on bank performance in South Africa. However, with the deteriorating health of the banking institutions and the recent surge of bank failures as a result of the current global financial crisis, it is justified that bank performance receives increased investigation from both scholars and industry specialists.

There are two broad approaches used to measure bank performance, the accounting approach, which makes use of financial ratios and econometric techniques. Traditionally accounting methods primarily based on the use of financial ratios have been employed for assessing bank performance (Ncube, 2009). However, the limitations of this method coupled with advances in management sciences have led to the development of alternate methods such as non-parametric DEA and parametric Stochastic Frontier Approach (hereafter, SFA) (Berger and Humphrey, 1997). Berger & Humphrey (1997) assert that the whole idea of measuring bank performance is to separate banks that are performing well from those which are doing poorly. They further indicated that, "evaluating the performance of financial institution can inform government policy by assessing the effects of deregulation, mergers and market structure on efficiency" (p175).

Bank regulators screen banks by evaluating banks' liquidity, solvency and overall performance to enable them to intervene when there is need and to gauge the potential for problems (Casu et al, 2006).On a micro-level, bank performance measurement can also help improve managerial performance by identifying best and worst practices associated with high and low measured efficiency. This brief review will focus upon studies on South Africa and other emerging economies. When looking to improve their performance, banks compare the performance of their peers and evaluate the trend of their financial performance over time. Tarawneh (2006) in his study measured the performance of Oman commercial banks using financial ratios and ranked the banks based on their performance.

The study utilised FRA to investigate the impact of asset management, operational efficiency and bank size on the performance of Oman commercial banks. The findings indicated that bank performance was strongly and positively influenced by operational efficiency, asset management and bank size.In the Gulf, Samad (2004) investigated the performance of seven locally-incorporated commercial banks during the period 1994-2001.Financial ratios were used to evaluate the credit quality, profitability, and liquidity performances. The performance of the seven commercial banks was compared with the banking industry in Bahrain which was considered a benchmark. The article applied a Student's t-test to measure the statistical significance for the measures of performance. The results revealed that commercial banks in Bahrain were relatively less profitable, less liquid and were exposed to higher credit risk than the banking industry, in which wholesale banks are the main component.

Kiyota (2009) in a two- stage procedure investigated the profit efficiency and cost efficiency of commercial banks operating in 29 Sub-Saharan African countries during 2000-2007. The article employs the SFA for the estimation of profit and cost efficiency, financial ratios and the Tobit regression to provide cross-country evidence on the performance and efficiency of African commercial banks. The findings based on a range of performance ratios as well as stochastic cost and profit frontier estimation, suggest that foreign banks tend to outperform domestic banks in terms of profit efficiency as well as cost efficiency. The results are also in line with the research by Kirkpatrick et al (2007) who used a sample of 89 banks from Sub-Sahara African countries for the period 1992-1999 and found that banks are on average 67% profit efficient and 80% cost efficient, as indicated by the results from both the distribution free approach and SFA methods.

O'Donnell and Van der Westhuizen (2002) measured the efficiency of a South African bank at branch level.Their main focus was investigating branches which were performing well and those that were doing badly, where efficiency could be improved. They found that many branches were operating on a scale that is too small and could increase their operational scales thereby improving the overall efficiency of the bank. In a similar approach, Okeahalam (2006) used the Bayesian SFA to assess the production efficiency of 61 bank branches in nine provinces of South Africa. The findings of the study points to the fact that although every branch is operating at increasing returns to scale, the bank branches can reduce their cost by 17% if they improve the level of efficiency.

Overall the article concludes that the bank branches are less efficient than they should be and could obtain cost reductions by increasing output.

Further, Oberholzer and Van der Westhuizen (2004) investigated the efficiency and profitability of ten banking regional offices of one of South Africa's larger banks. This study demonstrates how conventional profitability and efficiency analyses can be used in conjunction with DEA. Although their study concentrated on banking regions, their findings confirm those of Yeh (1996) that DEA results as an efficiency measure have a relationship with both profitability and efficiency ratios. The conclusions were that there are significant relationships between conventional profitability and efficiency measures and allocative, cost and scale efficiency and no significant relationship with technical efficiency.

Most of the above mentioned studies concentrated on branches of a single bank, one of the studies that investigated the entire South African banking sector is Cronje (2007) who employed the DEA method and a sample of 13 South African banks to provide a measure of the efficiency of the South African banks. His findings show that out of the 13 banks, the three largest banks are efficient and serve as a standard for the banks classified as inefficient. The fourth largest bank showed a slight inefficiency. Overall, seven banks were classified as inefficient and the article recommends target areas for the banks to improve their efficiencies with guidelines that bankers in inefficient banks could use to increase their sustainable profitability. The results of this study are in sharp contrast to studies in the UK where Drake (2001) and Webb (2003) found the larger banks less efficient.

This difference could be attributed to the differences in operating environment as South Africa is an emerging economy with a different political and economic history whereas UK is a developed country. Another study that provides a brief but interesting account of bank performance was conducted by Ncube (2009) who uses the stochastic frontier model to analyse the cost and profit efficiency of four large and four small South African banks.The results of the study show that South African banks have significantly improved their cost efficiencies between 2000 and 2005 with the most cost efficient banks also being most profit efficient. However, efficiency gains on profitability over the same time period were found not to be significant.

In a related Kumbirai and Webb (2010) conducted a study on the financial ratio analysis of commercial bank performance in South Africa This paper investigates the performance of South Africa's commercial banking sector for the period 2005- 2009. Financial ratios are employed to measure the profitability, liquidity and credit quality performance of five large South African based commercial banks. The study found that overall bank performance increased considerably in the first two years of the analysis. A significant change in trend is noticed at the onset of the global financial crisis in 2007, reaching its peak during 2008-2009. This resulted in falling profitability, low liquidity and deteriorating credit quality in the South African Banking sector

In relation to an educational institution, Offei (2011) conducted a study on the use of financial ratios to evaluate the performance of Methodist university college Ghana by analyzing the financial statements of the bank for a period of four (4) consecutive years. The objectives of the researchers were to; To analyze the firm's ability to meet its short term financial obligations, To assess the long term solvency of the firm, To analyze how efficiently the firm utilizes its assets, To evaluate the dividend policy of the firm and the prospect for the future growth and last but not the least is to understand different measures of the success of the firm.

Under the methodology of the research, the researchers used both primary and secondary sources of data collection which helped them in gathering the necessary data and information for the research work. After carefully analyzing the company's financial statements for a period of four years, the researchers' results indicated; the accounts of the organization shows that, if current assets were converted into cash, it cannot meet its short term obligation; the account indicates that, management is not able to generate cash from operations to meet its short term obligations of the business; the business return on equity ratio is far below risk free so dividend payment is unstable, hence it will not attract investors to invest in such business and the company faces a high debt rate and this will reduce dividend to be paid to shareholders.

In the recommendation section, the researchers recommended that, management should avoid the use of excessive debt to finance the activities of the organization and this will be done by floating of shares on the stock market for purchase, therefore increasing the equity level of the organization. It was also recommended that management should improve on operating activities so that they can generate more funds to meet their short term obligation and this can be done by advertisement of the product and services and also motivation of employees.

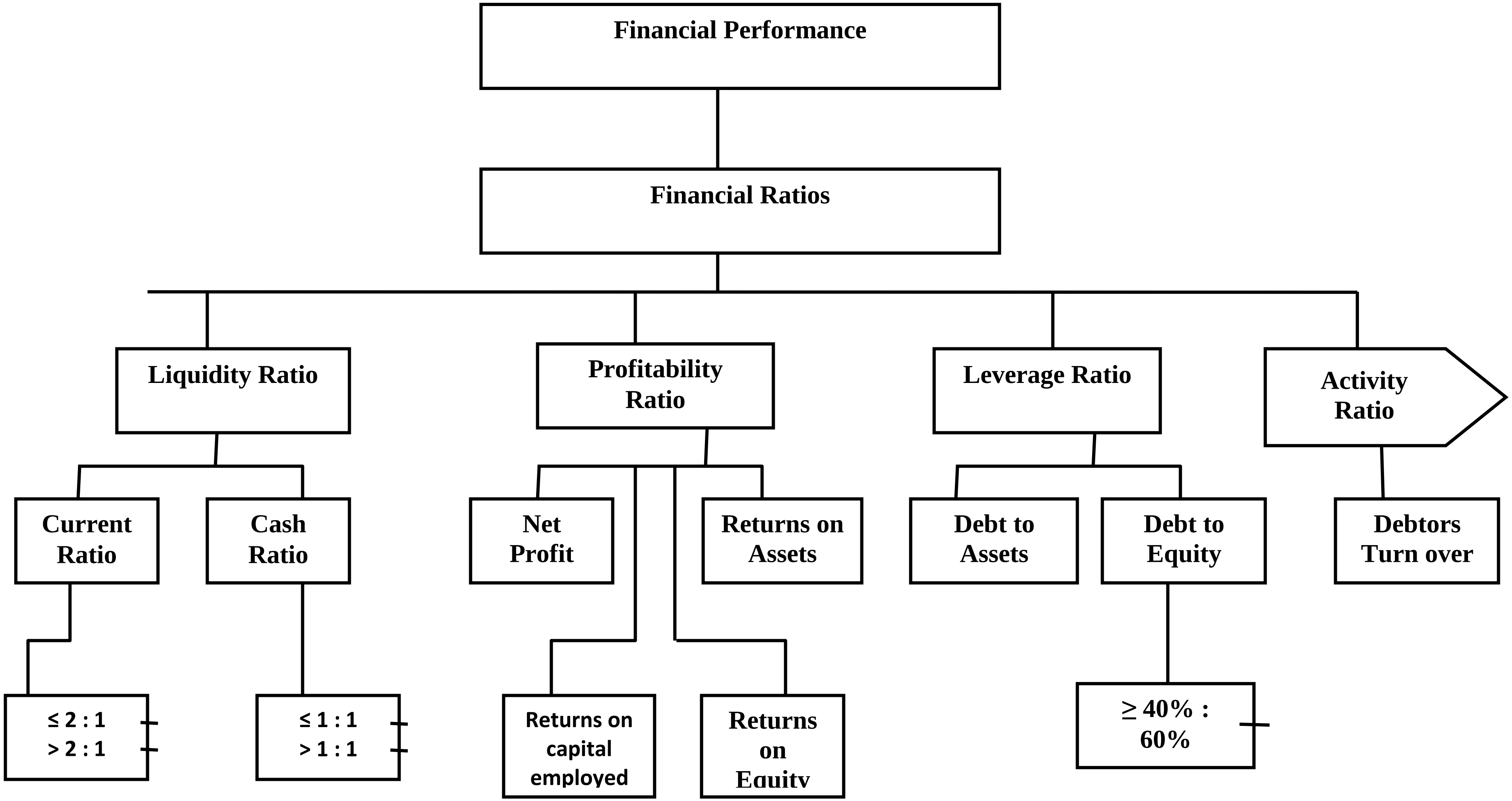


Figure 1: Conceptual Framework

CHAPTER THREE

METHODOLOGY

Introduction

The focus of this chapter is on the methods applied in conducting this research. It is important to design appropriate research methodology for collecting data, processing the data and presenting the information derived. This chapter thus discusses the study design, the population, sample and sampling procedure. Other issues discussed are the data collection method, data preparation, measurement of variables and data analysis procedure.

Research Design

Creswell (2009) suggested that there is no single "fit for all" design for all research. There are varying alternative designs; and suitability of a design depends on the type of data and the analysis procedures required for the study. It is pertinent to state and justify the design chosen for a study. This research design adopted was descriptive survey. Descriptive research seeks to identify characteristics of users of a given variable therefore appropriate research instrument was designed to access relevant information related to the assessment of the performance of Queensland international school. The use of this design was necessary because descriptive research encompasses the collection of a wide range of social indicators and economic information and statistics on the financial ratio indicators

The approach for the study is quantitative. Leedy and Ormrod (2010) point that quantitative approach is more suitable if the purpose of the study is to explain, to confirm and validate, or to test theory. The authors also make argument for quantitative approach if the data for the study is numeric and require standadised instruments for data collection. Quantitative approach is required if data analysis requires deductive reasoning and objectivity is keen (Creswell, 2009).

Population

According to Mustaph (2010), the term population refers to a complete set of individuals (subjects), objects or events having common characteristics in which the researcher is interested. The population, which therefore constitutes the target of this study, is the financial statement of Queensland International School from 2010 to 2014, because the preparation of an audit financial statement of the school started from 2010 and the complete audited financial statements ends at 2014.

Sampling technique

In view of the fact that the population was not large and also all the elements is necessary for economic decision making, the study adopted the census sampling as a basis for sampling. Census sampling is where all the population is sampled for the study (Neuman, 2007). The sample was the financial statements of Queensland International School covering the 2010 to 2014 calendar year.

Data Collection

The researcher work was based on primary and secondary source of data. This helped in gathering necessary data and information for the research work. Regards to the primary data, extensive interviews were conducted to gather information from the various departments at Queensland International School. The respondents were granted the opportunity to freely express themselves and select their own mode of interview. This ensured maximum participation and good response of the respondents concerning all aspects of the information needed for the research. This also ensured validity of the data and information obtained since interviews were bias free. Interviewing of experts on the matter ensured that information acquired was of good quality.

The secondary data on the other hand, took the form of the published financial statements of Queensland school. Secondary data are documentary sources out of which information relevant for the research may be extracted. Secondary data sources include personal documents, mass media reports and official records. With the nature of the research, the researchers depended on official records such as text books, pamphlets and internet for the research, the researchers also considered the following ratios for the analysis; liquidity ratios, profitability ratios, efficiency ratios and solvency ratios. The approach to the methodology really played a major role as it helped the researcher to reach the targeted population and gathered the necessary materials for the research work.

Data Collection Instrument

The major instrument used for the collection of primary data was the interview. The interview was important as to give an insight into how the financial statements are prepared especially with regards to the frequency of change in accounting policy of the school. This is because when accounting policies are frequently changed it affects the reliance of ratios in the evaluation of the performance of the school. To begin with, personal contacts (interview) were made with the Chief Accountant of Queensland International School, for detailed information regarding their operations and their annual audited financial statement.

For the secondary data the audited financial statements of Queensland school was collected. The researcher also made use of some text books and a few research works from the University of Cape Coast business school library, University of Ghana business school library, Methodist University library Tema campus and Central University library as well to gain the import and explanatios to the resultant ratios which were computed.

Measurement of Variables

According to Leedy & Ormrod (2010), quantitative studies seek to give a precise and objective report about a phenomenon; and as such the need to measure the attributes of the phenomenon is ever present in quantitative studies. As mentioned in the study design, this study is quantitative. It is important to specify how critical variables;

Table 3. Variables and measurements

No	Variable	Measurement
1	Current Ratio	Current assets / current liabilities
2	cash Ratio	Cash+cash equivalent / Total current liabilities
3	Net profit Margin	Net Profit / Net Sales X 100%
4	Returns on Equity	Net Income after tax / Share holders Equity x 100%
5	Returns on Capital Employed	Net Profit+Interest+Tax / Capital Employed x 100%
6	Returns on Asset Ratio	Net Income / Total Assets X 100%
7	Debt to Asset Ratio	Total Debt / Total Assets X 100%
8	Debt to Equity Ratio	Total Debt / Total equity X 100%
9	Debtors Turn Over Ratio	Debtors+Bills receivables / Credit Sales X 365

Source: Adapted from Pasha, (2009) and Ramachandran (2009),

Data Analysis procedure

The data collected is screened, filtered and recoded as discussed earlier. It is then fed into Microsoft excel which measured all the variables in accordance with the formulae provided under “measurement of variables”. For convenience, the data is presented in a “stacked cross section” format. The output of this initial processing becomes the data for further processing. The data from the first stage processing is imported into a statistical software called Statistical Package for Social Science (SPSS 17) for a comprehensive analysis. It is at this stage that both the descriptive statistics and the inferential statistics are generated. The results from the analysis are presented using tables, graph, and narratives starting from the descriptive results to the inferential analysis

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter seeks to deal with analysis and discussion of data. This chapter focuses mainly on the financial statements. For the purpose of this study, the financial statements are analyzed in terms of the School's Liquidity, Profitability, Leverage and Activity or Turnover Ratios.

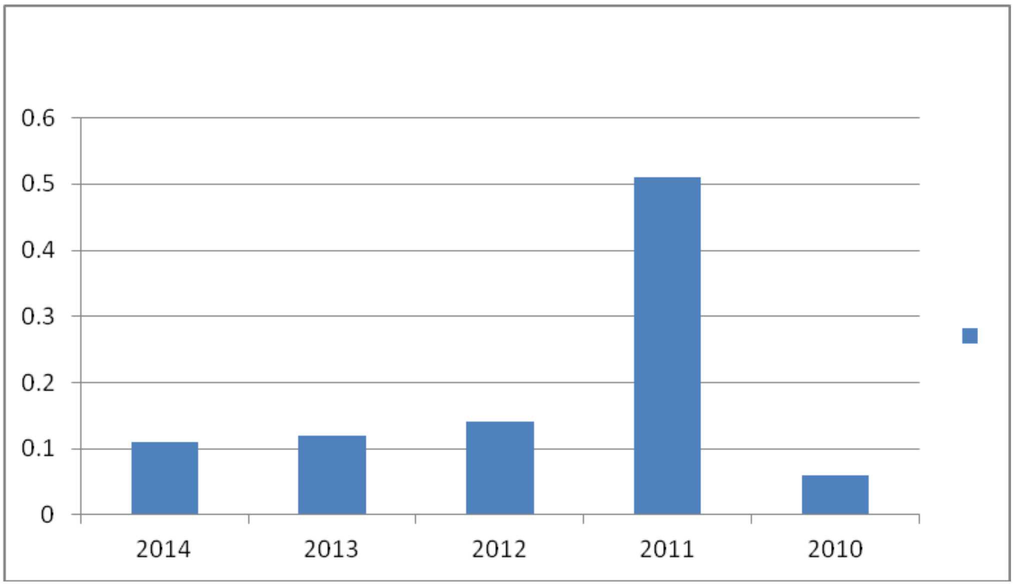
Evaluation of the financial stability of the school

The first objective of the study is to analyses the financial stability of the school. The financial stability of the school is evaluated by analyzing the profitability ratios of the school. The prominent profitability ratio is the cash ratio, return on equity, return on capital employed, and return on asset. The results are presented and analyzed below.

Cash Ratio

The cash ratio indicates a firm's ability to pay off its current liabilities if for some reasons immediate payments were demanded. It is the most conservative liquidity ratio. It excludes all current assets except the most liquid;

Figure 2: Graphical presentation of cash ratio



Source: Field Survey (2016).

Cash ratio measures the readiness of the firm to meet its current liabilities using cash and cash equivalents. In the case of Queensland International School, the cash ratios over the five year period is highly inadequate base on the analysis below; the above calculation indicates the cash ratio over the period of 2010 to 2014. From the above computations of the cash ratio, It was revealed that the School's cash ratio grew gradually from 2010 through to 2013.

However the year 2011 saw the best increase. Statistics gathered shows a general rise in the cash ratio of the School from the period 2010 to 2013, indicating a significant improvement in management ability to meet current liabilities from internal source especially from 2011 to 2013. From 2011 to 2014, the ratio dropped from 0.51 to 0.11, indicating a decline in management ability to generate cash from operation to meet short term obligations. Although Queensland International School's, cash ratio slightly rose from 2012 and 2013 it could not meet it short term obligations. This indicates that management is not able to generate cash from operations to meet short term obligations Therefore if cash flow from operations is generated, it cannot meet the School's current liability in the short term.

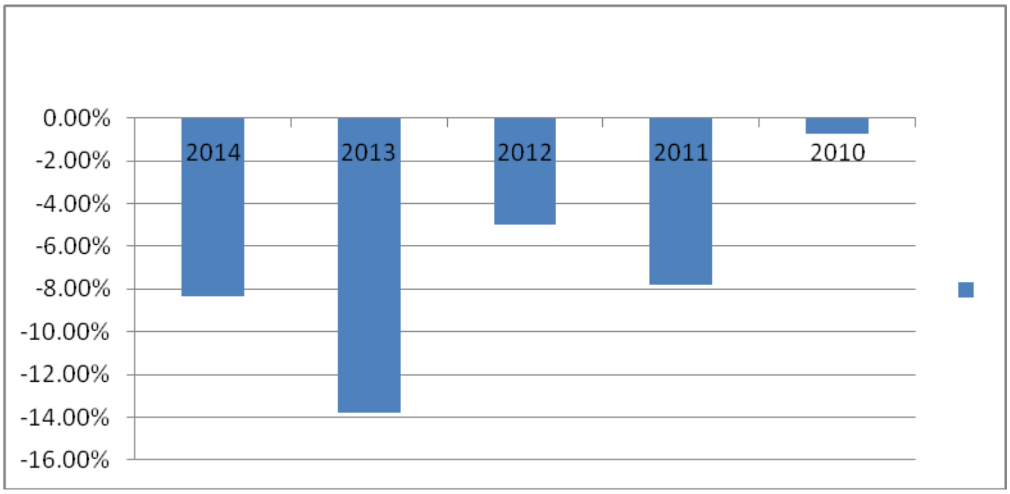
The findings of the study is consistent with Hossan and Habib (2010) who also realised that the cash position of the company was not stable with the justification of expansionary projects of the firm. In the current study the same analogy cannot be assigned since the school is not engaged in expansionary activities but rather it in line the stakeholders theory because it was realised that, most of the retained earnings were distributed to the shareholders and other stakeholders like the creditors of the school with the aim of reducing the debt position as well as increase the credit rating.

Net Profit Margin

This ratio measures the relationship between net profit and net sales. It indicates the efficiency of the overall operations of the firm. It shows what percentage of sales is left to the owners after meeting all costs.

Figure 3: Graphical presentation of Net Profit margin

Figure 3: Graphical presentation of Net Profit Margin



Source: Field Survey (2016).

The ratios computed above helps in determining the efficiency with which affairs of the business are being managed. The ratio for the period in question all showed negative percentages, however worst of the years was 2013 where a -13.78 was recorded. It shows that the management of Queensland International School could not manage their general and administrative expenditure so well that it eroded their gross profit into net loss. 2010 and 2012 though negative seems to be better than the other years.

Management of Queensland International School will have to put in measures that will turn their losses into profit. With the current development, management of Queensland International School does not look efficient and effective. This is a ratio that investors and prospective investors look at, lenders are also interested in the net profit margin ratio since they will want to be sure there will be enough funds to pay up principal and the interest. The ratio is thus an effective measure to check the profitability of a business.

An investor has to judge the adequacy or otherwise of this ratio by taking into account the cost of capital, the return in the industry as a whole and market conditions such as boom or depression period. No norms can be laid down. However, constant increase in the above ratio year after year is a definite indication of improving conditions of the business. Juxtaposing this study with the study of Dufera (2010) who conducted a study financial performance evaluation: A Case Study of Awash International Bank and found that all results of profitability measures go in favor of industry average, the current study is not in line with that analogy because the net profit margin for the years understudied is low.

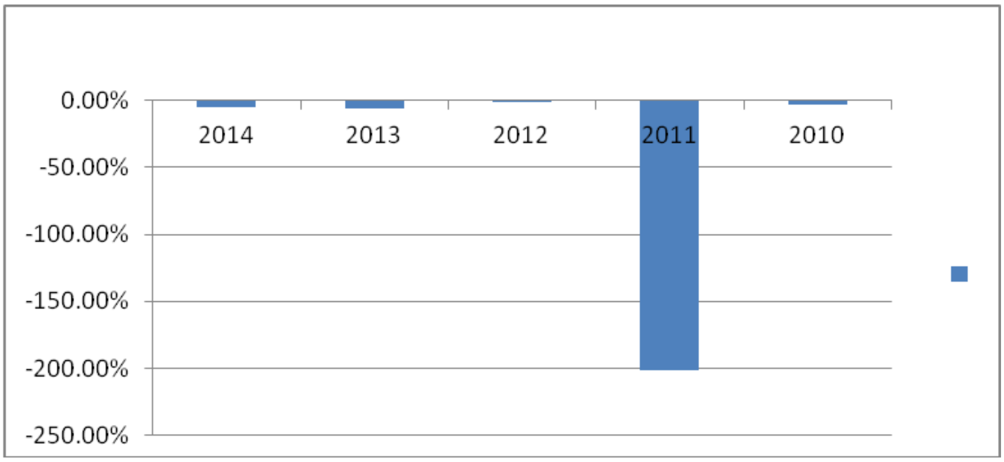
The profitability of Queensland International School is unsatisfactory over the five year period. The School recorded losses continuously for five years running and that thus not make it attractive for investors'. The Net Profit margin worsened in 2011 through to 2014, as a result of the sharp increases in expenses which have led to an erosion of profitability. Return on equity witness a favorable improvement in. These however deteriorated in the subsequent years and worst of all was in 2011. Just like the return on equity, the return on assets of the company also followed the same trend. Looking at the ratios above, it can however be said that management is not maximizing and utilizing the company's assets and shareholders' funds efficiently.

Return on Equity Ratio:

This ratio tells the earning power of shareholders investment and it is frequently used in two or more firms in an industry.

Graphical presentation of returns on equity ratio

Figure 4: Graphical presentation of Return on Equity



Source: Field Survey (2016).

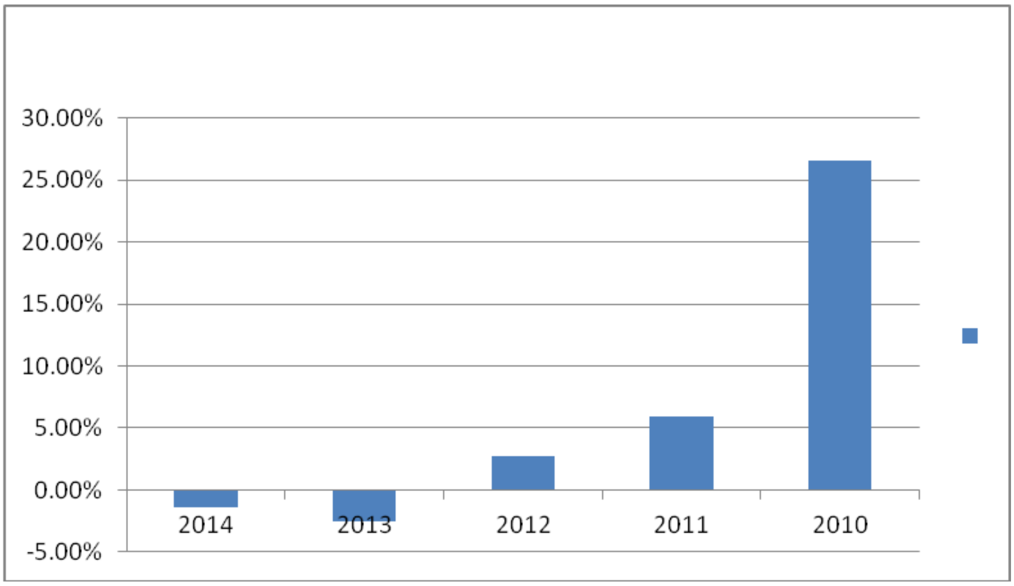
The ratios computed above reveals the return on the company's investment. Investors looking at these figures can use them in assessing the equity investment in the company. From the computation, the earning available to equity shareholders has been negative throughout the period of five years. The sharp rise of -201.73% from 2011to -1.87 in 2012 was as a result of the revaluation of assets of the school in 2012. On the other hand, the decline that started from 2013 and continued to 2014 was as a result of the increase in general expenses and financial charges which tend to reduce the profit to loss.

This means that the School has not been able to pay dividend to its shareholders since 2010.It indicates that dividend paid out will not be stable or reliable since it varies per annum. Return on Equity is far below risk free rate which make dividend payment unstable. Investors will not be attracted but will prefer treasury bills to investing in such a company. The findings is consistent with Dufera (2010) who found that all results of profitability measures go in favour of industry average. The results indicate that Awash International Bank was less profitable than industry average. But this result shows that the schools financial stability is more that the average industry.

Return on Capital Employed Ratio

Return on capital employed ratio is the ratio between return on capital employed and capital employed. It also establishes the relationship between profits and the capital employed. It is most widely used to measure the overall profitability and efficiency of the business. Capital employed means operating profit before interest on long term loans, deposits and debentures and taxes. In other words, it is net fixed assets plus investments of business plus net working capital or owners' funds, plus long term loans, deposits and debentures less non-operating assets less fictitious assets as indicated by (Pasha, 2009).

Figure 5: Graphical presentation of returns on capital employed ratio



Source: Field Survey (2016).

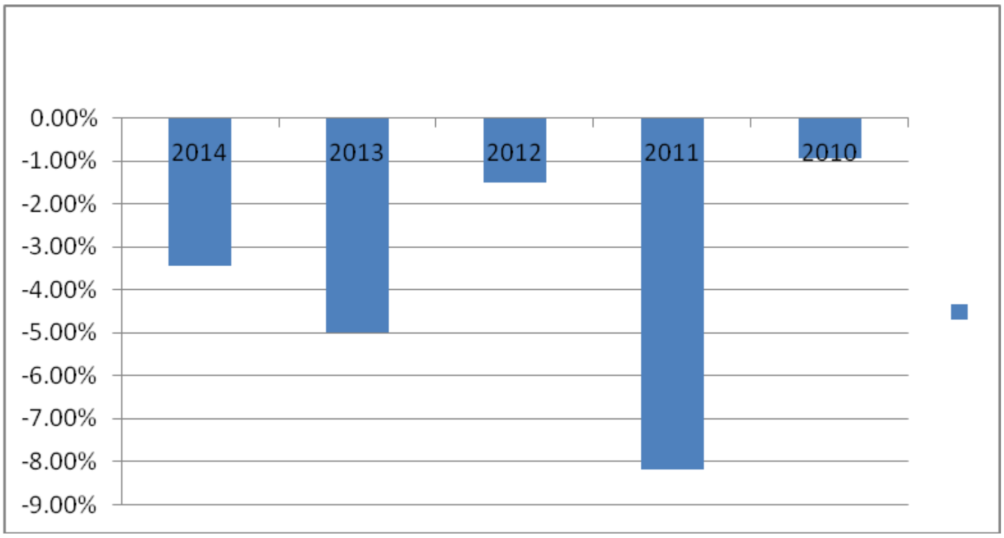
The Return on Capital Employed is a concept that measures the profit which a firm earns on investing a unit of capital. 'Yield on capital' is another term employed to express the idea. It is desirable to ascertain this periodically. The profit being the net result of all operations, the return on capital employed expresses all efficiencies or inefficiencies of a business collectively and, thus, is a dependable measure for judging overall efficiency or inefficiency.

On this basis, one can conclude from the computation that Queensland International School's return on capital employed is quite satisfactory in the first three years of the five years under review with 2010 being the most impressive year. This is as a result of how well management of the school managed their expenses in those years. The trend changed, and started getting bad when management increased their spending and finally worsened in the year 2013 and 2014. In the present situation, Queensland International School's return on capital employed is unfavorable. Suppose funds have been borrowed at an interest rate of 8 percent and Return on Capital Employed is 2.70 or 5.94 percent, it would have been better not to borrow (unless borrowing was vital for survival). It would also show that the firm had not been employing the funds efficiently. These scenarios however suggest that management of Queensland International School is not utilizing or employing the company's funds efficiently in the past two years.

Return on Assets Ratio:

It seeks to measure the effectiveness with which the firm has employed its total resources; it is sometimes called the return on investment. It measures profit as a percentage of the money provided by owners and creditors as oppose to only the money provided by owners, (Ramachadran, 2009).

Figure 6: Graphical presentation of Returns on Assets Ratio



Source: Field Survey (2016).

From the above calculation, one will conclude that the management of the company is ineffective. To express it in percentage terms, it presupposes that the School's operating loss keeps increasing from 2010 to 2014. Its significance indicates that, income received will not be stable and will not be increasing as well. Return on Assets is not increasing and unstable hence it will discourage investors from investing in such a company since when they invest their resources; it will not yield the expected returns. Juxtaposing the current findings to the stewardship theory, the result is not consistent because, the school as a steward to shareholders are not using the assets effectively to generate enough revenue for the management of the school instead they are generating negative returns.

In relation to the Seiford and Zhu, (1999), the result is poor for an educational institution because a schools major revenue are the pupil and through the pupil the school generate revenue, and so if their assets are not in good conditions, it will not attract parents to admit their wards in the school. This also implies that the school does not use its assets for revenue generation and in that, the class rooms which belongs to the school can also be hired out to private class operators which may also serve as a source of revenue.

Evaluation of operational efficiency

The second objective of the study is to evaluate the operational efficiency of the school. The operational efficiency of the school is evaluated by analyzing the activity ratios of the school. The prominent is the debtors' turnover ratio. The results are presented and analyzed below.

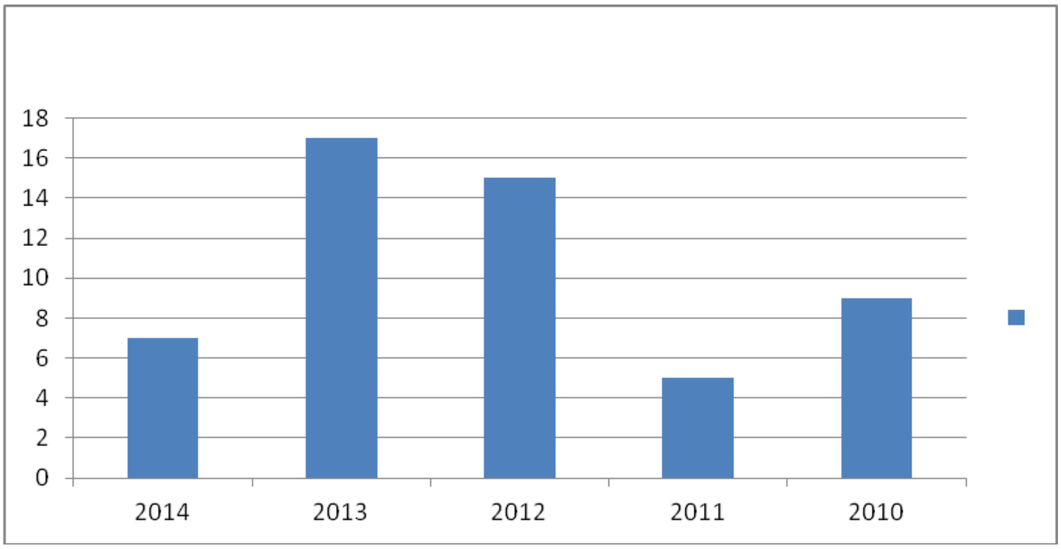
Activity or Turnover Ratios

The efficiency in the use of assets would be reflected by the speed with which they are converted into sales. Activity ratios indicate the relationship between sales and various assets of the firm.

Debtors Turnover Ratio

This ratio indicates the speed with which debtors/accounts receivable are collected. It shows the number of days taken to collect money from debtors. A lower ratio implies quick recovery of money from debtors. When information regarding credit sales in the formula is not available total sales are taken for calculation of the ratio (Pasha, 2009).

Figure 7: Graphical presentation of debtors turns over ratio



Source: Field Survey (2016).

The ratio indicates the extent to which the debts have been collected in time. The ratio is very helpful to the lenders because it explains to them whether their borrowers are collecting money within a reasonable time. An increase in the period will result in greater blockage of funds in debtors. This findings is consistent with Oberholzer and Westhuizen (2004) investigated the efficiency and profitability of ten banking regional offices of one of South Africa's larger banks.

In the case of Queensland International School, the collection period was favorable in the first three years but started worsening as the years go by, but still looks very good since the highest is 17 days in 2013. The debtor's turnover ratio measures the quality of debtors since it measures the rapidity or slowness with which money is collected from debtors. A shorter collection period implies prompt payment by debtors hence the reduction in the chances of bad debts. In the other hand a longer collection period implies too liberal and inefficient credit collection performance. However, it should be neither too liberal nor too restrictive. A restrictive policy will result in lower sales which will reduce profits.

The leverage ratios/financial mix of the company were of no exception since they were also unsatisfactory. A desired financial mix should not exceed a ratio of 1:1. In the case of Queensland International School, with the exception of the year 2012, the capital structure of the company thus debt to asset and debt to equity of the company is very poor and unacceptable hence the need for management to take pragmatic steps to avoid the occurrence of the previous trend.

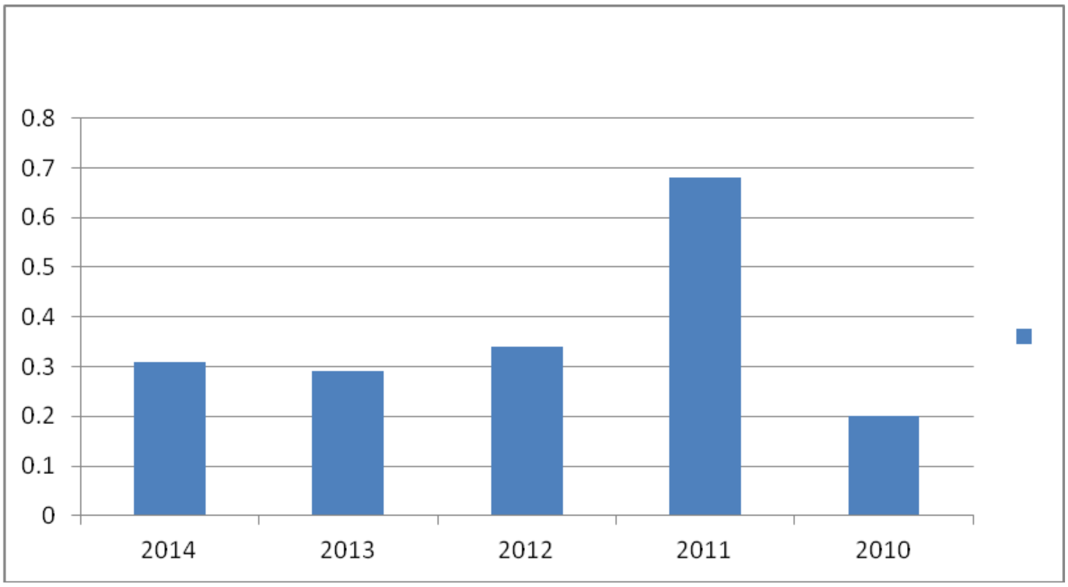
Analysis of short term and long term solvency of the school

The preparedness of a business to meet its current financial obligation depends on how easily its assets can be converted into cash, In brief, liquidity means the ability to convert assets into cash in order to pay its current financial commitments. For the purpose of analysis of the liquidity of Queensland International School, the current ratio and cash ratio will be considered.

Current Ratio

This is defined as the ratio of current assets to current liability. It shows the amount which will be made available from current assets to pay current liability within a period of one year.

Figure 8 Graphical presentation of current ratio



Source: Field Survey (2016).

According to Ramachandran (2009), a current ratio of 2:1 is considered ideal, which means on the event of insolvency, the current assets should be enough to pay off the current liabilities at least two times, which is for every one Ghana cedi of current liability there must be current assets of two Ghana Cedis to take care of it. If the ratio is less than two, it may be difficult for a firm to pay current liabilities. If the ratio is more than two, it is an indicator of idle funds. The above computation indicates the liquidity position over the period of 2010 to 2014. The Current Ratio therefore compares assets which will become liquid within approximately 12 months with liabilities which will be due for payment in the same period.

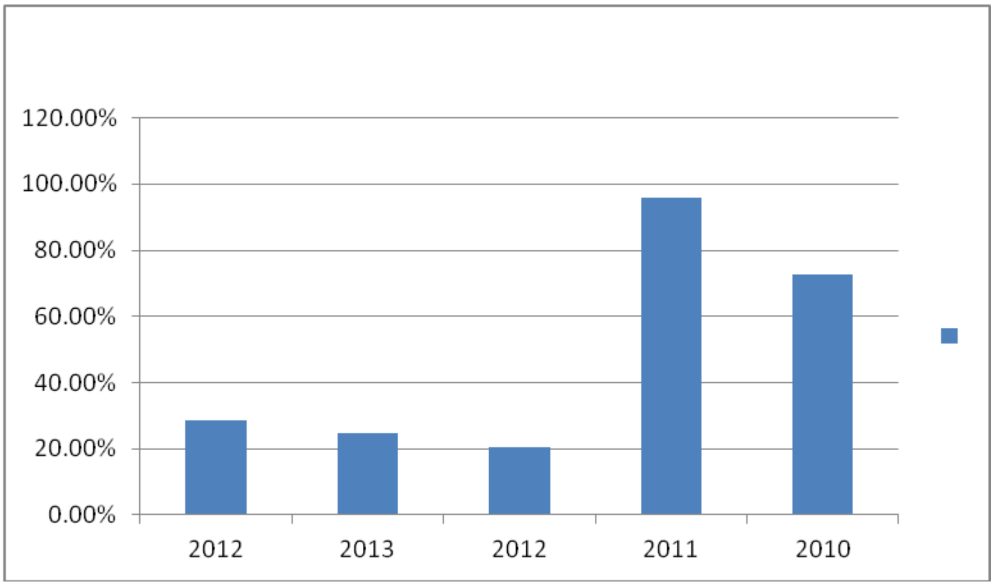
In the case of Queensland International School, though the ratio kept on growing from 2010 through to 2012 it is still low a ratio compared to the standard requirement. From the computation of the current ratio, Queensland International School showed a gradual rise in its current ratio from the period of 2010 to 2012 and a sharp fall from 2011 to 2012. Despite the general rise in liquidity position of the school, the school still could not meet the ideal ratio of 2:1. Although the trend in current ratio shows positive rise, the ratio still indicates less of current Assets over Current Liability. Therefore if Current Assets are to be converted into cash it cannot meet its short term obligations

This ratio tends to measure the funds supplied by the owners as compared with the financing provided by the firms' creditors. It provides an indication of the long term solvency of the firm. An examination of the ratios given makes it clear that the overall financial performance of the company is poor. The liquidity position of Queensland International School is not quite satisfactory. The current ratio over the five year period was growing gradually but failed to meet the standard requirement of 2:1. In the other hand, the cash ratio also saw a gradual improvement over the years however it was also inadequate. A desired cash ratio of 1:1 is a suitable. Queensland International School however failed to meet this. With reference to the above conclusion, it suggest that Queensland International School will not be able to meet its short-term financial obligations should they fall due, hence the need for management to take the necessary steps to improve the trend.

Debt to Asset Ratio

It measures the percentage of total funds provided by creditors. Creditors prefer moderate debt to asset ratio, since the lower the ratio, the greater the risk against creditors loss in the event of liquidation. In contrast to the creditors' preference for a low debt to asset ratio, the owners may seek high leverage to increase earnings or raising new equity, which means giving up some degree of control.

Figure 9 Graphical presentation of debt to asset ratio



Source: Field Survey (2016).

This is a controversial ratio, whiles equity holders are seeking for a higher ratio for leverage; creditors are seeking for a lower ratio to protect their interest in the event of liquidation. Looking at Queensland International School's situation, apart from the year 2012 which was better, all the other years especially 2010 and 2011are very high ratios as can be seen in the graph and due to these, no creditor will be willing to advance credit.

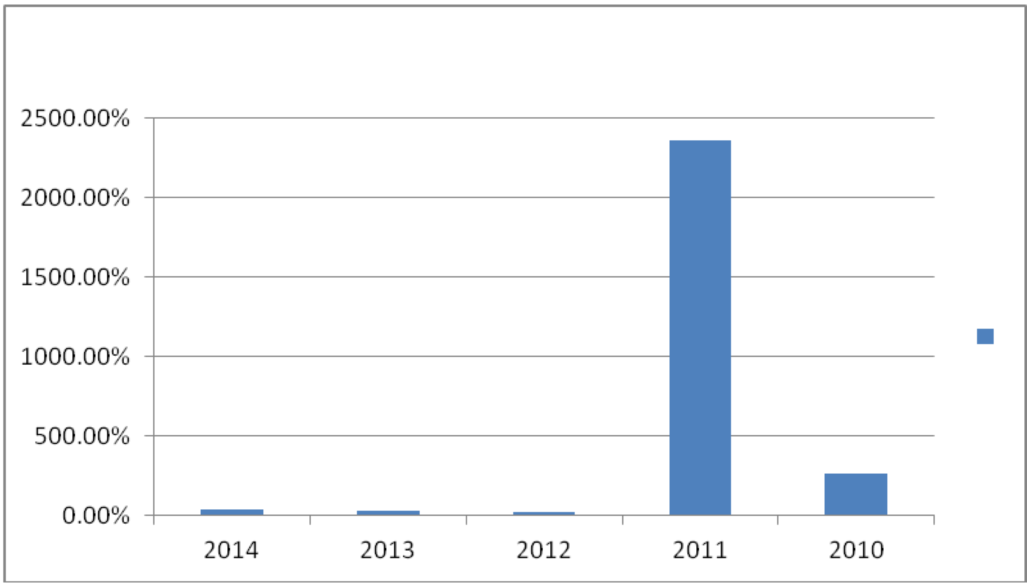
From the above, the proportion of total assets financed by creditors is computed. The higher the ratio, the greater the amount of other people resources being used to generate profit. From the computation above, it is clear that creditor's contribution to financing the total assets of Queensland International School is quite substantial and very significant. So it is clear that in 2010, creditors contributed 72.81% of total assets and then increased to 95.94% in 2011 and heavily dropped to 20.25%, in 2012. The drastic improvement in 2012 was as a result of the revaluation of asset that happened within the year. This trend indicates the extent of risk that creditors borne so far as lending is involved.

The implication of this ratio on profitability is that, you have to pay interest which will reduce the school's profit. Also when this profit reduces, shareholders will take fewer dividends and even if they do not make profit, they have to pay interest before dividend. Because of high debt rate, interest rate will also be higher hence dividend will be low unless they expect long term investment. In the short term, it tends to discourage investors from investing in such a company.

Debt to Equity Ratio

A ratio used to examine the financial structure of a business. The long term debt, normally including preference share, of a business is expressed as a percentage of its equity. The debt to equity ratio is now sometimes expressed as the ratio of the debt to the sum of the debt and the equity. According to Ramachandran (2009), a debt to equity ratio of 1:1 is considered desirable (satisfactory) but the ideal ratio of debt to equity is 2:1. It gives an idea of the amount of capital supplied by the owners. It indicates the availability of assets to long-term creditors at the time of liquidation.

Figure 10: Graphical presentation of debt to equity ratio



Source: Field Survey (2016).

Just like the debt to assets ratio, debt to equity ratio measures the capital structure of the firm that is which proportion is made up of debt (short term and long term obligations) and which proportion is made up of capital. It also looks at how much assets is financed by external debt. A highly geared company is one in which the debt is higher than the equity, compared to companies in a similar industry. A highly geared company offers higher returns to shareholders when it is performing well but should be regarded as a speculative investment.

In the case of Queensland International School until 2012 when the revaluation was done a higher proportion of the capital is made up of debt. In 2011 an unacceptable ratio was recorded and 2010 too was same. The implication of this on profitability is that, you have to pay interest before dividend even if the company makes no profit. So one can now understand the reasons for the losses being recorded over the period. With this, high debt interest rate will cause dividend to be low unless they expect long term investment. To conclude, when debt is high in a firm's investment, the firm is very risky to invest in.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

The role that schools play in the economic development of every country cannot be overemphasised. Principally, schools companies serve as intermediaries who generate the manpower for human capital development which aids in the development of the economy. One principal decision managers of schools companies usually undertake for the survival of their schools is the operational and financial stability. This option is indispensable for the determination of the financial performance of the schools. This implies that schools that are able to make their financing decision far-sightedly would have a cut-throat in the industry and thus result in above average financial performance relative to the schools industry.

Summary

This study find out the financial performance of Queensland International School using some selected financial ratios. The specific objectives was to evaluate the financial stability, operational and solvency ratios. The quantitative approach and the descriptive research design were adopted for the study. The census sampling techniques was used to select the sample for the study while the descriptive approach was used to describe the results. The finding that emanated from the research work clearly shows that, the current assets of Queensland International School, if converted into cash cannot meet it short term obligation, also the ratios indicates that management is not able to generate cash from its operations to meet its short term obligations. From 2011 to 2014, the ratio dropped from 0.51 to 0.11, indicating a decline in management ability to generate cash from operation to meet short term obligations.

Although Queensland International School's, cash ratio slightly rose from 2012 and 2013 it could not meet it short term obligations. Queensland International School has a very high financial leverage and this means that the company has a higher level of risk and at the time of liquidation, their creditors will suffer. The return on equity ratio of Queensland International School is far below risk free rate, so dividend payment is unstable hence the business will not attract investors. This because from the results it is clear that creditor's contribution to financing the total assets of Queensland International School is quite substantial and very significant.

So it is clear that in 2010, creditors contributed 72.81% of total assets and then increased to 95.94% in 2011 and heavily dropped to 20.25%, in 2012. The drastic improvement in 2012 was as a result of the revaluation of asset that happened within the year. In addition, the company faces high debt rate which will reduce dividend paid to shareholders. Finally looking at the analysis of the various ratios, it can be said that management is not maximizing the utilization of the company's assets efficiently.

Conclusion

The financial performance of Queensland International School was analyzed using some selected financial ratios with emphasis on the financial stability, operational and solvency ratios. The descriptive research design was adopted for the study. The census sampling techniques was used to select the sample for the study while the descriptive approach was used to describe the results

From the finding from the research it is concluded that , the current assets of Queensland International School, if converted into cash cannot meet it short term obligation, also the ratios indicates that management is not able to generate cash from its operations to meet its short term obligations. Queensland International School has a very high financial leverage and this means that the company has a higher level of risk and at the time of liquidation, their creditors will suffer. The return on equity ratio of Queensland International School is far below risk free rate, so dividend payment is unstable hence the business will not attract investors. In addition, the company faces high debt rate which will reduce dividend paid to shareholders.

Recommendations

The revelation from the general findings of the study from both the literature review and data analysis has widely demonstrated how important and indispensable the ratio analysis is in financial statement review. As the financial statement saves the interest of shareholders, employers, employees as well as investors, it becomes imperative that users of accounting information should obtain sound knowledge on principles of financial accounting. With reference to the debt to equity ratio, it is recommended that, management should avoid the use of excessive debt to finance the activities of the company and this should be done by inviting interested investors to help raise equity capital in the financing of the company, therefore increasing the equity level of the company, to avoid future takeover of the company by creditors.

They can also consider future listening of the company on the stock exchange. Also, the financial performance of the company needs to be improved by cutting down on their expenditure like medical expenses, travelling and transport and printing and stationary. It is also recommended that, management should improve on operating activities so that they can generate more funds to meet their short term obligations and this can be done by including progammes such as the nursery, Cambridge certificate exams/other foreign programmes, S. H. S. remedial classes and possibly renting out the premises on weekends to interested universities for distance programmes. Also management of the school can intensify advertisement of the school’s past academic performances and services in other to increase enrolment.

Limitations and Recommended Areas for Future Research

The researchers’ encountered numerous constraints and these included the following:

a. The researchers were not getting enough information on the face of the financial statements of the school for the computations of some of the ratios.

b. The researchers had difficulties in getting project works that relates to their topic area.

c. Difficulties in data collection tend to hinder the progress of the research, in the sense that the unwillingness of the employees to divulge the right information, with the view that data released to the public could reveal their company secrets.
d. Again, there was the lack of finance to enable us travel to make regular contact with the finance personnel's. Financial constraints' again could not allow us to ascertain the data on time.
e. Duration constrain could not be ignored, as we have to combine work with the project.

The researchers recommend that in the near future students who wish to research in an area like this will consider the overall performance of the company, which means that including all other activities like academic performance.

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APPENDIX A

COMPUTED DATA

Years	Ratios								
	Current Ratio	Cash Ratio	NPM %	ROE %	ROCE %	ROA %	Debt to Assets %	Debt to Equity %	DTR (days)
2010	0.20	0.06	-0.71	-3.48	26.53	-0.94	72.81	267.8	9
2011	0.68	0.51	-7.78	-201.73	5.94	-8.19	95.94	2363.74	5
2012	0.34	0.14	-4.98	-1.87	2.7	-1.49	20.25	25.39	15
2013	0.29	0.12	-13.78	-6.61	-2.56	-4.98	24.56	32.56	17
2014	0.31	0.11	-8.31	-4.83	-1.37	-3.45	28.49	39.85	7